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REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 6 OF SECURITY COUNCIL RESOLUTION 1210 (1998)

I. INTRODUCTION

1. Pursuant to paragraph 1 of Security Council resolution 1210 (1998) of 24 November 1998, a new 180-day period commenced at 0001 hours United States Eastern Standard Time on 26 November 1998. The distribution plan for phase V was approved by the Secretary-General on 11 December 1998.

2. The present report is submitted pursuant to paragraph 6 of resolution 1210 (1998), and provides information up to 31 January 1999 on the distribution of humanitarian supplies throughout Iraq, including the implementation of the United Nations Inter-Agency Humanitarian Programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah. It also describes developments in the implementation of the programme since the previous report, submitted to the Council on 19 November 1998 (S/1998/1100).

II. REVENUE GENERATION, PROCUREMENT AND DISTRIBUTION TO END-USERS

A. Oil production and sale of petroleum and petroleum products

3. Since the beginning of the current phase and as at 31 January 1999, the oil overseers and the Security Council Committee established by resolution 661 (1990) of 6 August 1990 have reviewed and approved a total of 79 contracts involving purchasers from 22 countries, as follows: Algeria (2), Austria (1), Belgium (1), Bulgaria (2), Canada (2), China (6), France (5), India (1), Ireland (1), Italy (6), Kenya (1), Malaysia (1), Morocco (2), Netherlands (2), Russian Federation (28), Spain (3), Switzerland (4), Turkey (5), United Arab Emirates (1), United Kingdom of Great Britain and Northern Ireland (3), United States of America (1) and Viet Nam (1).

4. The total quantity of oil approved for export under the above contracts corresponds to approximately 277 million barrels for 180 days. It should be noted that the average quantity of oil exported from Iraq increased from 1.75 million barrels per day during the previous 180-day period to 1.9 million barrels per day during the current reporting period up to 31 January 1999. Concurrently, during this phase, oil prices for Iraqi crude have decreased to

around $8.6 per barrel. At current prices, the total revenue projected for this phase is estimated at $2.9 billion. After the deduction of the minimum pipeline fee of $180 million and the distribution of remaining revenue according to the percentages established in paragraph 34 (f) of my report of 25 November 1996 (S/1996/978), an amount of approximately $1.8 billion would be available to finance the humanitarian supplies and the oil spare parts and equipment authorized in resolution 1210 (1998).

5. As at 31 January 1999, the export of petroleum from Iraq under the current phase was proceeding smoothly. Ninety-three liftings, totalling 119.3 million barrels at an estimated value of $1,025 million, have been completed. About 45 per cent of the loadings have been made at Ceyhan (Turkey). It may be recalled that, for the purposes of the arrangements set out in paragraph 6 of resolution 986 (1995) of 14 April 1995, the larger share of the petroleum and petroleum products should be exported via the Kirkuk-Yumurtalik pipeline, and the remainder should be exported from the Mina al-Bakr oil terminal. Accordingly, the Office of the Iraq Programme has initiated discussions on this subject with the Permanent Mission of Iraq, and the Security Council Committee will be kept informed thereon.

6. The oil overseers have continued to advise and assist the Security Council Committee on the pricing mechanism, contract approvals and their modifications, and other questions related to exports and monitoring under resolution 986 (1995) and all subsequent relevant resolutions.

B. United Nations Accounts pertaining to the Iraq Programme

7. The United Nations Accounts pertaining to the Iraq Programme are divided into seven separate funds pursuant to paragraphs 8 (a) to (g) of Security Council resolution 986 (1995). As at 31 January 1999, of the $5.256 billion authorized under resolution 1210 (1998) for the 180-day period starting on 26 November 1998 (phase V), $459.2 million had been deposited into the account, bringing the total oil sale since inception to $9,846.1 million. Annex I to the present report shows the allocation of the total oil revenue among the various funds and the corresponding expenditures as at 31 January 1999. Annex II shows the number and value of the letters of credit pertaining to oil proceeds and humanitarian supplies.

8. In paragraph 4 of its resolution 1210 (1998), the Security Council requested the Secretary-General, inter alia, to review, by 31 December 1998, the various options to resolve the difficulties encountered in the financial process referred to in his report of 19 November 1998 (S/1998/1100). The Secretariat undertook a thorough review and submitted a proposal to the Security Council Committee on 11 February 1999 on advancing funds for food procured and delivered to Dahuk, Erbil and Sulaymaniyah by the Government of Iraq.

C. Prioritization, processing and approval of applications, delivery to Iraq and distribution to end-users

ESB (53 per cent) account

9. During the reporting period, the Office of the Iraq Programme simultaneously processed applications for phases III, IV and V. In accordance with the procedures of the Security Council Committee, the Secretariat continued to circulate for its consideration and approval applications in advance of the availability of funds, so long as oil revenue projections indicated that sufficient funds would become available to fund all approved applications. However, owing to the considerable imbalance between the value of contracts signed by the Government of Iraq and projected revenues, circulation of applications valued at approximately $500 million was held in abeyance while consultations were held with the Government of Iraq to establish priorities with respect to those applications.

10. As at 31 January 1999, 28 phase III approval letters valued at $34,270,671 were awaiting the availability of funds. For phase IV, 41 approval letters valued at $32,086,752 were awaiting issuance. During the reporting period, approval letters continued to be issued, as funds became available, through an enhanced process of weekly consultations with the Government of Iraq. However, the rate of issuance was adversely affected by the slow rate of reimbursement from the ESC (13 per cent) account to the ESB (53 per cent) account for goods notified as delivered to northern Iraq, as well as by the continuing impact of low oil prices on escrow account funds for both phases.

11. In addition, it has not been possible to utilize fully the available funds apportioned to the oil spare parts sector under phase IV owing to delays in the submission to the Secretariat of applications for goods in this sector, as well as to holds placed on 113 applications in the amount of $50,631,743. As at 31 January 1999, the Office of the Iraq Programme had received only $269 million worth of applications, against a distribution plan allocation of $300 million. No application for this sector has yet been received for phase V.

12. In the health sector, applications for pharmaceuticals continue to arrive at the end of all phases and, for phase IV, account for as little as one third of the applications submitted in this sector, as compared with those for medical equipment. Submission of applications for pharmaceuticals under phase III is still incomplete, while for phase V, as at 31 January 1999, only $2.3 million in medical contracts had been received by the Office of the Iraq Programme towards a Distribution Plan allocation of $219 million for this sector.

13. Once it became clear that oil revenues would be insufficient to fund approximately $500 million in applications received under phase IV, the Office of the Iraq Programme, in consultation with the Government of Iraq, developed a mechanism to transfer to phase V a number of phase IV applications either previously approved by the Security Council Committee or evaluated but not yet circulated. As at 31 January 1999, 101 applications had been so transferred, of which 34, all for foodstuffs, were subsequently approved by the Committee for funding under phase V. However, given the shortfall in oil revenues now projected for phase V, and in order to ensure that the value of applications

circulated is not in excess of anticipated revenues, circulation of the remaining 67 transferred applications, which are for goods in the agriculture, education, food handling and water and sanitation sectors, has been held in abeyance pending the results of consultations being held by the Office of the Iraq Programme with the Permanent Mission of Iraq on the urgency of adopting revised sectoral allocations, bearing in mind that sufficient funds must be made available to meet the priorities accorded by resolutions 1153 (1998) of 20 February 1998 and 1210 (1998) to the food/nutrition and health sectors, as well as to oil spare parts.

ESC (13 per cent) account

14. With respect to the ESC (13 per cent) account, as at 31 January 1999, 390 applications valued at $105,229,787 had been funded under phase III. A total of 338 applications valued at $60,456,848 had been submitted under phase IV, of which 304 applications valued at $60,301,757 were approved. Of the remaining applications, 8 were made null and void, 4 were put on hold, 1 was awaiting additional information prior to circulation and 21 were pending approval under the no-objection procedures of the Security Council Committee.

15. As a result of ongoing implementation of the information system set out in paragraph 53 (h) of my report of 1 February 1998 (S/1998/90), during the reporting period intensified liaison continued between the Office of the Iraq Programme and United Nations agencies and programmes, in conjunction with reporting by the independent inspection agents upon the arrival in Iraq of commodities financed by the ESC (13 per cent) account.

III. OBSERVATION AND MONITORING ACTIVITIES

A. Inspection and authentication of humanitarian supplies

16. During the reporting period, Lloyd's Register continued to serve as the United Nations independent inspection agents authenticating the arrival of humanitarian supplies at the entry points in Al-Walid, Trebil, Umm Qasr and Zakho. After international tendering, on 31 December 1998, the firm of Cotecna Inspection S.A. was contracted to replace Lloyd's Register as the United Nations independent inspection agents, effective 1 February 1999.

17. In paragraph 53 (j) of my report of 1 February 1998 (S/1998/90), I requested the United Nations independent inspection agents to enhance their capacity to perform quality tests within the shortest period technically feasible, as well as to perform quality tests inside Iraq. Discussions continue with the Government of Iraq concerning the Office of the Iraq Programme's request for permission to set up a mobile laboratory at Trebil. During the reporting period, independent inspection agents continued to report on the arrival of humanitarian supplies procured under the United Nations Inter-Agency Humanitarian Programme for the three governorates of Dahuk, Erbil and Sulaymaniyah.

B. Monitoring of oil spare parts and equipment

18. In January 1999, the first oil spare parts and equipment procured under resolutions 1153 (1998) and 1175 (1998) of 19 June 1998 began arriving in Iraq. Under the monitoring mechanism established pursuant to resolution 1175 (1998), Saybolt Nederland BV, in conjunction with Lloyd's Register, began operations to ensure effective monitoring of oil spare parts and equipment inside Iraq.

C. United Nations observation mechanism

19. Observations by international staff during this reporting period were interrupted by two temporary relocations, in mid-November and mid-December, of United Nations observers to Amman for a total of 11 calendar days. In addition, there were 15 days of United Nations and Government official holidays, leaving a total of 55 days for observation and related activity. The effect of these disruptions on agency observations differed slightly from agency to agency.

20. World Food Programme (WFP) sectoral observers experienced some delays in data collection on commodity movements in the 15 governorates, although agent and household spot-checks continued to be conducted by national observers. All observation activities by both national and international staff were suspended during the air strikes. During an additional three weeks following the air strikes, international staff members were restricted to observations in areas where it was possible to make daily trips from Baghdad. In spite of these disruptions, WFP observers for the first time reached their objective of making contact with every food agent in the 18 governorates. The disruptions affected the Food and Agriculture Organization of the United Nations (FAO) observation schedules to a similar extent. In spite of the disruptions, FAO sectoral observers were able to complete three inquiries, one each on end-user profiles for agri-machinery, for animal health and for poultry. Two of these were done jointly with United Nations observers.

21. In addition to the disruptions caused by the air strikes, observation in the education sector was also limited by staff shortages in the Ministry of Education and the consequent lack of escorts. Observers from two agencies and two programme units were obliged to share the services of four escorts, and for nearly half of the three-month period, the Ministry of Education escorts were not available. Assessment visits were conducted at 54 schools.

22. During the reporting period, the Government has agreed to a United Nations Children's Fund (UNICEF) proposal to undertake a National Child and Maternal Mortality Survey which involves participation from the Ministry of Health, the Central Statistics Office, UNICEF and the World Health Organization (WHO). Preparations for the survey have begun, with the arrival in late January 1999 of an international consultant from the London School of Hygiene and Tropical Medicine. The sample size will include 24,000 households in centre/south, to be interviewed by 80 interviewing teams, over a period of 20 days, beginning on 20 February 1999. UNICEF staff from the north will participate in the training session although a similar study in the north is not being undertaken at the present time.

IV. PROGRAMME IMPLEMENTATION: EFFECTIVENESS, EQUITABILITY AND ADEQUACY

A. Implementation of the programme in the centre and south of Iraq

Food

23. As at 31 January 1999, foodstuffs and food handling equipment valued at $2,982,711,116 had arrived in Iraq since the beginning of the programme, of which an amount worth $2,557,818,438 was distributed to end-users in the centre and south of the country. A total of $436,516,575 worth of supplies for this sector arrived during the reporting period, and supplies worth $386,719,509 were distributed in the 15 governorates. The focus of activity in this sector during phase V is to provide a food basket of 2,200 kilocalories per person per day to every registered individual.

24. The programme review undertaken in January 1998, and the supplementary report which followed (S/1998/90), recommended an increase in the caloric value of the food basket to 2,463 kilocalories per person per day. In phase IV, the Government distribution plan proposed a food basket which would provide 2,300 kilocalories per person per day, and in phase V, the Government distribution plan proposed a food basket which provided 2,200 kilocalories per person per day. The phase IV food basket was expected to go beyond the phase III food basket by adding full cream adult milk powder and weaning cereal, but these supplements did not arrive in sufficient quantities to permit distribution. It was only in January 1999, the final month of the reporting period, that stocks were sufficient to permit their distribution in the basket for the first time. The Government has increased the monthly handling fee paid by consumers to food agents from ID 105 to ID 150 to compensate for the costs of distributing these additional items.

25. From November 1998 to January 1999, the food basket provided an increase of daily kilocalories per person per day from 1,955 to 2,002. There was a modest increase in kilocalories per person per day over the time period, but none of the monthly food baskets met the targets of phases I, II or III. In all three months, insufficient stocks of pulses kept the baskets at sub-target levels.

26. Distributions continued regularly during the air strikes in mid-December with only minor delays reported from two Baghdad warehouses. The destruction of the storehouse in Tikrit, which contained 2,600 tons of rice, did not affect December 1998 distributions to Salah Al Din governorate, as immediate measures were taken by the Government to transfer rice directly from points of entry to local food agents. In fact, WFP observers noticed a slight improvement in the efficiency of food distributions during the months of November and December 1998.

Health and nutrition

27. As at 31 January 1999, medicine and supplies valued at $540,694,863, procured under the bulk purchase arrangement, had arrived in Iraq since the beginning of the programme, of which an amount worth $225,061,346 were distributed to end-users in the centre and south of the country. During the

reporting period, a total of $116,557,726 worth of supplies for this sector arrived, of which $41,335,467 were distributed. The focus of activity in this sector has been to provide a broad range of medicines and medical and dental equipment, and to support the distribution of these supplies.

28. WHO tracks the availability of essential drugs by observing the number of days when they are not available for any given month. The number of days when standard drugs are not to be found at a selection of health centres dropped from an average of 24 days during August 1998 to 8 days in December 1998. Drugs continue to be rationed for outpatients and health centres, however, and while the drugs delivered to health facilities may last longer, WHO reports that the quantities delivered to health centres are still only one third of the overall quantity required to meet real needs. Antibacterial drugs rarely last more than half of the time between deliveries to health centres.

29. Three factors combine to explain these shortages. One is slow contracting by Kimadia, the Iraqi state company for drug imports. WHO reports that Kimadia attempted to computerize the ordering process at the start of phase IV and brought in new people, but their lack of experience with computers only further delayed the ordering process.

30. A second and more serious factor is the slow pace of distribution from Kimadia central warehouses to the governorate warehouses, and further to health centres. As of 31 January 1999, approximately $275 million worth of medicines and medical supplies had accumulated in warehouses, which is more than half of all supplies that arrived in the country for all phases. The quantity of medical equipment in warehouses is alarmingly high. According to information provided by United Nations observers, only 15 per cent of all medical equipment received by the warehouses has been distributed. Follow-up visits to sites receiving the equipment found that only 2 to 3 per cent had actually been installed. As a consequence, stocks in warehouses have exceeded their capacity.

31. The delays in distributing medical supplies, resulting in accumulations in warehouses, are due in part to the lack of modern managerial tools, poor working conditions within the warehouses and the lack of transport for moving the supplies to health centres. They are also due, in part, to the rigid hierarchy in the Ministry of Health administration which makes it difficult for functionaries to approve deliveries without approval of superiors, and this takes time. A variety of sources, including WHO, suggest that stockpiling seems to have increased following September 1998, when tensions mounted, and superiors may have deliberately withheld supplies in anticipation of emergency needs.

32. A third factor is the apparent tendency for physicians to over-prescribe certain types of medicine, particularly antibiotics. The Ministry of Health, with logistical support from the Ministry of Trade, has begun to issue drug cards, to be distributed with food ration baskets, and these cards will limit the number of outpatient consultations eligible for drug prescriptions to six consultations per family member per year. Since a recent report, based on Ministry of Health data, found that the average number of consultations among Iraqis is three per year, and since drug card rationing applies only to outpatient consultations for non-chronic illnesses, the drug card programme is unlikely to affect access to health services or medicines. The drug cards are

intended to reduce the incidence of healthy individuals obtaining drugs without sufficient medical justification.

33. The extent of malnutrition is a critical factor in the health of the population. According to the nutrition status surveys conducted by UNICEF in collaboration with the Ministry of Health, the prevalence of general malnutrition in the centre/south has changed very little in the past two years. General malnutrition (weight for age) was found to occur in 14.1 per cent of infants in 1996, in 14.7 per cent of infants in late 1997 and 14.7 per cent of infants in the most recent survey of October 1998. General malnutrition among children under five in the centre/south was found to occur in 23.4 per cent of children in 1996, in 24.7 per cent of children in 1997 and in 22.8 per cent of children in the most recent survey of March 1998. While there has been no significant reduction in general malnutrition among infants or among children under five, previously rising prevalence rates have stabilized, albeit at an unacceptably high level.

34. In order to implement a targeted nutrition programme, the enhanced distribution plan provides for $8 million worth of high protein biscuits for pregnant and lactating women, as well as for 1,500 tons of therapeutic milk, valued at about $8.7 million, for malnourished children under five years of age. As at 31 January, the Ministry of Health, after considerable delay, and numerous reminders from the Office of the Iraq Programme, had signed contracts for only $1,692,100 worth of high protein biscuits. These contracts have not yet been submitted to the Secretariat. As at 31 January 1999, contracts for only 260 tons of therapeutic milk, valued at about $1.5 million, had been submitted.

Water and sanitation

35. As at 31 January 1999, supplies to the water and sanitation sector in the centre/south valued at $54,638,206 had arrived in Iraq since the start of the programme, of which an amount worth $19,801,778 had been installed at sites or delivered to end-users. A total of $17,408,213 worth of supplies for this sector arrived during the reporting period, and supplies worth $3,819,159 were installed or delivered. The focus of activity in this sector has been to improve the quantity and quality of water in urban areas by maintaining existing treatment sites and by providing a minimal level of inputs for operating urban sewage networks. In rural areas, the focus of activity has been to slow the deterioration of the network of compact units for smaller scale water treatment.

36. There are 218 treatment plants serving water users in urban areas and 1,191 compact units serving water users in rural areas. A total of 924 pumps have been delivered to 476 of these two types of water treatment sites, covering 25 per cent of all the sites throughout the 15 governorates including the city of Baghdad. A smaller number of circuit breakers and other supplies have been provided, and in the treatment plants, which have received a combination of pumps, circuit breakers and other supplies, the output of water in litres per person per day has increased modestly. The provision of pumps, chlorinators and circuit breakers means that more water is produced at the treatment sites, but power outages, which have exceeded what was anticipated during the reporting period, diminish the effect of the inputs. Furthermore, the quality of the distribution network of pipes is deteriorating rapidly, resulting in losses of

water and an increase in water contamination. United Nations observers estimate a loss, through underground leakage, of as much as 55 per cent and, because there is no "leak detection equipment", these leaks go undetected and are therefore not repaired. A related outcome is the loss of water purification chemicals.

37. A UNICEF study estimates that at present around only 41 per cent of the rural population has access to clean water. The percentage of the total population with access to clean water was estimated at 92 per cent in 1989 and 78 per cent in 1995.

38. The 924 pumps that have been distributed constitute only a third of all pumps that have arrived in the country. The remaining two thirds are in storage. Overall, only 35 to 40 per cent of the supplies received in the country for the water and sanitation sector have been brought to sewage stations or water sites. The anticipation of emergency needs by stockpiling, in this sector as in other sectors, appears to be a persistent problem, and this is one of the factors contributing to the slow pace of delivery. UNICEF and the United Nations Office of the Humanitarian Coordinator for Iraq have repeatedly referred to the non-availability of cash funds as another explanation for the delays in distributing and installing supplies. The General Establishment for Water and Sewage (GEWS) central warehouse is capable of unloading only one truck per day, and United Nations observers report that, with the recently increased number of in-country arrivals, trucks are lined up waiting to unload their freight. The recent increase in arrivals has increased the pressure on storage facilities and reduced handling efficiency, and this has contributed to delays in conveying supplies to treatment sites.

39. The quality of water distributed to consumers has not improved to any extent, since the deteriorating network and an increase in illegal connections allows contamination of water after it leaves the treatment plants. Aluminium sulphate is a crucial element in water treatment, but the amount delivered under phase I has been depleted. A contract to purchase 2,000 tons submitted by the Baghdad Water and Sewage Authority (BWSA) has been on hold by the Security Council Committee since June 1998, because of questions about the contract. It should be noted, however, that another contract for 6,000 tons was subsequently approved. Although locally produced alum sulphate is available, UNICEF reports that it is of such poor quality that the BWSA and GEWS authorities are reluctant to use it. Where they are obliged to use it, they avoid installing new alum dosing pumps to keep from damaging them with the poor quality aluminium sulphate.

40. A total of 60 vertical pumps and 51 submersible pumps, which had previously been received, have been installed during this reporting period in various locations throughout Baghdad, as well as jetting vehicles and high pressure cleaning machines. Cesspit jetting units, cesspool emptier tankers and backhoe loaders have been provided to GEWS for areas outside Baghdad in order to clean sewage networks. In some cities, however, such as Hilla and Kerbala, operations have stopped since the lack of gas masks and gas detection equipment has resulted in frequent accidents. United Nations observers report large amounts of raw sewage being discharged into rivers as filters and pipes are clogged. The treatment plants visited by United Nations observers and UNICEF are reported

to function well below internationally accepted standards, and because of the lack of sufficient supplies, they are expected to deteriorate further.

41. Ongoing monthly testing of water quality by the Ministry of Health has shown that water quality improved modestly in the course of 1998. The country-wide totals show a drop in percentage of contaminated samples, from 12 per cent in the first quarter to 5 per cent in the fourth quarter. The percentage of samples with insufficient chlorine dropped in 1998 from the first quarter levels of 22.5 per cent to a third quarter level of 15 per cent, but rose again to 22.5 per cent in the fourth quarter.

Agriculture

42. As at 31 January 1999, supplies to the agriculture sector valued at $98,073,021 had arrived in Iraq since the start of the programme, of which an amount worth $33,657,180 had been installed at sites or delivered to end-users. A total of $41,171,498 worth of supplies for this sector arrived during the reporting period, and supplies worth $10,027,567 were installed or delivered. The focus of activity in this sector has been to provide farm inputs, to conduct aerial spraying campaigns, to provide ground spraying chemicals and animal vaccines to farmers, and to rehabilitate poultry production facilities.

43. A recent FAO end-user survey in six governorates gives evidence of a downward trend in yields of farm production and illustrates the dilemmas faced by farmers. The survey estimates a 30 per cent drop in crop production. The crops surveyed include maize, wheat, barley, sorghum and vegetables. Crops in Diyala and Baghdad governorates suffered the absence of quality seeds and fertilizer, as well as insufficient irrigation water owing to frequent power outages. Without the proper inputs, farmers in Ninawa and Tameem lost a large proportion of the maize crop to rodents, another portion to poor soil fertility and still more to insufficient water. Farmers in the southern governorates, who rely on irrigation, suffer the effects of power cuts on water usage. They rely likewise on electric pumps to drain unused irrigation water, and rising water tables are affecting root zones and increasing soil salinity. Irrigation channels are rarely cleaned, and the loss of water through poorly maintained watercourses results in rising water tables. These factors are expected to increase in severity and, compounded by the lack of 1998/99 winter rainfall, will probably affect crop production further in the coming season.

44. Accurate figures on animal populations are not available to United Nations observers. Government figures indicate an increase, but estimates made by FAO and United Nations observers suggest the opposite. A recent outbreak of foot and mouth disease, reported by the Department of Animal Health and confirmed by FAO observation, has affected approximately 1 million cattle and sheep and is causing high mortality among offspring from infected mothers. Unchecked, the epidemic has the capacity to substantially reduce animal productivity. Only two batches of vaccines, ordered under phases I and IV have been made available, amounting to approximately 500,000 doses. This is not enough to contain the outbreak, and FAO's estimate of the cost for procuring sufficient vaccines and facilities is in excess of 15 million. Even if sufficient vaccines could be made available, which is unlikely, trucks and cold storage units are also required to contain the spread of disease. Following an outbreak in 1996,

screw-worm fly infestation continues to seriously affect human and animal health.

45. The provision of pesticides, herbicides and bee-keeping equipment continues, although the coverage remains limited to less than 10 per cent of the needs. Accurate figures on cultivated areas and crop needs are inaccessible. Most of the chemicals ordered in phases III and IV did not arrive in time for optimal application. None of the 11 pesticide items ordered under phase III arrived in time, and only half of the 8 items ordered under phase IV arrived in time for optimal application. One factor affecting the timeliness of delivery was the inability to synchronize the delivery by suppliers and transporters with seasonal needs. Fifty per cent of all agro-chemicals which arrived in the country were in storage as of the end of the previous reporting period, and though the amounts in storage have declined, they are still high. In an attempt to improve accessibility and to speed up distribution of chemicals to farmers in phase V, the responsibility for selling agro-chemicals to farmers in the 15 governorates is being given to private agents.

46. Poultry production is becoming an increasingly important sub-sector of the agricultural programme in the centre/south. Beginning in phase IV, eggs were imported for broiler production and hatched in previously abandoned hatcheries; the chickens were given to poultry farmers, sent to slaughterhouses and subsequently sold through cooperatives in the market at subsidized prices. A total of 17 consignments containing 180,000 eggs each were received, consigned to hatcheries and, as of 31 January 1999, yielded 2,297 tons of frozen poultry meat. The meat is sold at distribution points at a subsidized price, which is approximately one half of the market price, and this makes the meat available to a wide spectrum of the population. The losses from the first cycle of deliveries amounted to 37 per cent of the original delivery of 3,060,000 eggs. These losses, in the initial cycle, are higher than international standards for a number of reasons related to the unique situation in Iraq. The present challenge is to resolve some of the logistical problems by arranging for the arrival of inputs in a synchronized manner. This would involve submitting all the necessary components as a package and approving them as a package.

Electricity

47. As at 31 January 1999, electrical equipment valued at $80,913,115 had arrived in Iraq since the start of the programme, of which an amount worth $79,482,431 had been distributed to installation sites in the centre and south of the country. A total of $36,643,825 worth of supplies for this sector arrived during the reporting period, and supplies worth $35,648,431 have been distributed to installation sites. The focus of activity in this sector has been the delivery of electrical equipment to 21 power plants and to the four maintenance departments for each of the electricity distribution authorities with the objective of slowing the deterioration of the system by meeting emergency requirements.

48. Power outages increased from the summer's average of 4 to 6 hours per day to more than 10 hours per day for Baghdad in January 1999, in spite of the fact that outages typically diminish during the winter months. A sequence of incidents accounts for increased load shedding. A failure in one of the circuit

breakers in the Baiji power plant (Salah Al Din governorate) resulted in a prolonged shut-down of the entire plant, and at present, only two of the six units have returned to operation. One of the units at the Mussayib power plant (Babylon governorate) with an output capacity of 300 MW was forced to shut down indefinitely as a result of the failure of a number of blades in a turbine. Recent reports from Nassiriya power plant (Thi Qar governorate) indicate a partial shut down. A failure in one of the substations in Salah Al Din resulted in a brief loss of power to the entire province. The United Nations Development Programme (UNDP) estimates that the losses from the Mussayib power plant alone reduced the national operating capacity by 9 per cent, and further estimates that the cumulative albeit temporary effect of the recent breakdowns was to reduce the 1998 operating capacity of the national grid by as much as 25 per cent.

49. At the same time, power demands have increased as a result of population growth and the consequent increase in household connections. The average daily demand in August 1998 increased by 4.7 per cent over August 1997, adding to the increasing gap between supply and demand. UNDP reports that the gap between supply and demand, which stood at approximately 800 MW in 1996, has now almost doubled to 1,500 MW. The deterioration of the system plus the increase in demand indicates the decreasing capacity of the inputs financed by resolution 986 (1995) to keep pace with system decline.

50. Reports of the severity of the impact of these extended power cuts have indicated the insufficiency of humanitarian supplies in this sector. For example, large losses in the number of chicks hatched from broiler eggs, recently imported as part of the poultry production project, have been attributed to the lack of power for regulating temperature in the hatcheries. One of the obstacles to carrying out vaccination campaigns for animals has been the absence of cold storage. In Qadissiya and Diyala, power authorities have attempted to limit power cuts to pumps used for irrigating and draining lands, in order to prevent crop losses. These are only a selection of instances illustrating how power outages have affected productive activities in a range of sectors. Implementers in many sectors are ordering generators. Fifty-nine diesel generators with a total capacity of over 20 MW have been ordered and approved for the water and sanitation sector. A total of 393 diesel generators with a combined capacity of 205 MW have been ordered and approved for food handling.

51. Twenty-five mobile diesel generators ordered for the electricity sector are still on hold in spite of the fact that the Government has accepted conditions for their use. These generators are required for rural areas where there are no alternative power sources. Overall, the pace of implementation increased in the reporting period, as the proportion of all approved supplies distributed for installation increased from 37 to 55 per cent. The recent approval, in particular, of an additional six gas turbine units to be installed by the end of August 1999 at the Mullah Abdullah plant will provide an additional 220 MW to the national grid.

Education

52. As at 31 January 1999, education supplies valued at $27,367,748 had arrived in Iraq since the start of the programme, of which an amount worth $8,887,826 was distributed to the south and centre of the country. A total of $7,562,401 worth of supplies for this sector arrived during the reporting period, and supplies worth $1,162,459 were distributed. The focus of activity in this sector has been to provide materials for school rehabilitation, materials for repairing school plumbing facilities, classroom furniture, school stationery supplies, teaching aids, physical education supplies and materials for the rehabilitation of the Ministry of Education printing press. The activity in phase V is expected to focus principally on the procurement of classroom furniture and the rehabilitation of printing presses.

53. Implementation summaries, which track the movement of commodities in and out of warehouses, show that the value of commodities ordered under phases I to III which arrived in the country increased from 60 per cent of the approved amount to more than 75 per cent during the reporting period. But, over the same time period, the increase in the value of goods leaving governorate warehouses for distribution to schools was less than 3 per cent.

54. The shortage of escorts to be supplied by the Ministry of Education severely limits the United Nations observation coverage. The number of escorts available has been reduced to four, contrary to previous assurances by the Ministry of Foreign Affairs that sufficient escorts would be made available, and these four are to be shared among two United Nations observation units and two agencies. The Humanitarian Coordinator is raising this issue with the Ministry of Education.

55. A Ministry of Education survey in 1997 and 1998 stated that 3,981 or 53 per cent of 7,572 primary schools required rehabilitation. United Nations observers surveyed 54 schools, equally distributed throughout nine governorates, and reported that 83 per cent of the schools visited required rehabilitation. This was considerably more than the number provided in the Ministry of Education survey. The United Nations observer survey reported that 30 per cent of the schools visited required plumbing repairs, 53 per cent did not have enough desks and 80 per cent of them had no staff furniture. The one common feature of the two surveys is the indication of the urgent requirement for desks.

56. United Nations observers visited 17 primary schools and found that desks had been distributed to 9 schools, blackboards to 15, fluorescent tubes to 10 and physical education supplies to 2. Where installation was required, it had only been done in rare instances. Overall, the slow pace of delivery for inputs to this sector is, as previously reported, due to the absence of transportation as well as to the lack of resources for installation. Forty trucks were presumed ordered under phase III, but the Ministry of Education recently rejected the truck contract because of a difference between the suppliers' specifications and those of Ministry. Other offers are being negotiated.

57. The very modest contribution that the inputs to this sector are making to the quality of education is a matter of concern and will be addressed in the upcoming assessment.

B. Programme implementation in Dahuk, Erbil and Sulaymaniyah

Food

58. As at 31 January 1999, foodstuffs valued at $391,611,557 had been distributed to the three northern governorates under the bulk purchase agreement with the Government of Iraq since the start of the programme. A total of $64,423,086 worth of foodstuffs for this sector was distributed during the reporting period. The focus of activity, which in this sector parallels that in the centre/south, is to provide a food basket of 2,200 kilocalories per person per day, during each of the six months in phase V, to every registered individual.

59. The market prices for commodities in the food basket are lower in the north and have dropped continually over the duration of the programme. As food prices decline, and access to food increases, the dependency on the food basket decreases for the majority of consumers. Consumers in the north continue to be more critical of the food basket, but it has been established that these complaints relate more to local taste than to the actual quality of most items supplied in the basket. Consumers in the north also deplete their food rations more slowly, indicating that alternative sources of food are more accessible in the north than in the centre/south and that the consumers rely consequently less on the food rations programme.

60. There has also been an apparent difference in the efficiency of food ration delivery between the centre/south and the north. A recent survey showed that while 97 per cent of the consumers in the centre/south receive their food rations on time, only 77 per cent do so in the north. In response to these observations, WFP fielded a mission to the north to determine the source of the delays of food basket delivery. The mission concluded that the differences are principally due to the way that the questions about timeliness have been posed. Subsequent surveys will provide a more accurate picture of the timeliness of delivery by refining the way timeliness is elicited from consumers.

61. The occurrence of acute and general child malnutrition in the north is discussed under health and nutrition. These reductions are due in part to the targeted nutrition programme, managed by UNICEF in conjunction with Department of Health and aimed at identifying and directly treating malnourished children in the north. They are also due to a complementary programme, managed by WFP, for distributing supplementary ration baskets to malnourished children and their families. In consultation with UNICEF and local health authorities, given the reduction in the prevalence of acute malnutrition and the presence of other supplementary nutrition programmes, WFP has decided to reduce the caseload accordingly and refocus its programme to target the chronically malnourished children more specifically. The extent of this reduction is yet to be determined.

Health and nutrition

62. As at 31 January 1999, medical equipment and nutrition supplies procured directly by WHO, UNICEF and WFP and valued at $42,815,245 had arrived in the three northern governorates. Medical equipment and nutrition supplies valued at

$4,844,681 arrived during the reporting period. With the addition of medicines procured under the bulk purchase agreement with the Government of Iraq, health inputs valued at $63,883,913 have been distributed since the start of the programme. During the reporting period, medicines, medical equipment and nutrition supplies valued at $14,300,437 were distributed. The focus of activity in this sector has been to maintain a reliable flow of medicines and medical equipment as well as to provide therapeutic milk and high protein biscuits to malnourished children and pregnant and lactating mothers.

63. Observers report very few if any shortages of essential drugs, including those for chronic illnesses. WHO indicates that the supply of drugs in the north is sufficient to meet genuine demand. The shortages which do exist are judged to arise from patients who visit physicians without legitimate complaints or from physicians who over-prescribe. A recent study in Erbil on a sample of prescriptions has shown that antibiotics plus paracetamol are prescribed in 50 per cent of all cases.

64. Local authorities, furthermore, scrutinize medicines and medical supplies received by their governorates to ensure they are receiving their share from Kimadia. They regularly seek information about arrivals at Kimadia in order to make the best use of available medicines.

65. WHO has completed the renovation of one water quality control laboratory and partially completed the renovation of two others. Four nursing schools, two in Erbil and one each in the two other northern governorates, have been renovated. The internal medicine department and the x-ray facilities at the teaching hospital in Erbil have been renovated. WHO has also supported many training activities to upgrade the skills of health personnel in data analysis, in epidemiological surveillance, in primary health care and in water quality monitoring.

66. The latest in a series of nutritional status surveys conducted by UNICEF and the Department of Health shows that the prevalence of general malnutrition is continuing its downward trend. The prevalence of malnutrition among children under five was 12 per cent (average for 18 governorates) in 1991. It rose in the north to 25.8 per cent in December 1994, then dropped to 19.3 per cent in August 1996 and subsequently declined steadily to its present level of 13.6 per cent in November 1998. The prevalence of acute malnutrition for children under five has likewise declined from 4.2 per cent in December 1994 to 2.7 per cent in April 1998 to 1.7 per cent in November 1998. However the prevalence of chronic malnutrition, while dropping from 37.3 per cent in 1994 to 26.3 per cent in 1996, has remained at about 24 per cent over the past six months.

67. While the prevalence of malnutrition has declined in the three northern governorates, it remains high in the centre/south. The fact that the per capita value of inputs in the north significantly exceeds that in the centre/south provides one explanation for the increasing difference between them.

Water and sanitation

68. As at 31 January 1999, supplies to the water and sanitation sector valued at $47,243,671 had arrived in the three northern governorates since the start of the programme, of which an amount worth $33,110,336 had been installed at sites or delivered to end-users. A total of $11,305,666 worth of supplies for this sector arrived during the reporting period, and supplies worth $7,548,803 had been installed or delivered. The focus of UNICEF's activity in this sector has been to improve the quantity and quality of water in urban areas by regular maintenance of existing treatment sites and pipe networks and by introducing new facilities in rural areas for improving sanitation and clean water access. WHO, in collaboration with UNICEF, monitors levels of water contamination.

69. UNICEF continues its programme of maintaining treatment plants, replacing defective pumps, and surveying and repairing leaks in the distribution network in urban areas. A total of 232 pumps have been replaced and of these, 90, or nearly 40 per cent, have been replaced in the past three months. Repairs and extensions of over 60 km of pipes have been completed, and of this, 40 km or 66 per cent, have been completed in the past three months. A total of 34 generators/transformers have been installed or made available to provide back-up power for pumping stations. The supply of chlorine and alum sulphate is ample, and this combination of inputs has served to provide increasing quantities of treated water to the urban population.

70. As part of the water and sanitation sector, WHO collaborates with the Department of Health in testing water samples at the point of treatment, and recent tests show progressive improvement. The incidence of bacteriological contamination has dropped from 24 per cent of test samples six months ago, to 13 per cent of samples three months ago, to 10 per cent of samples in the most recent round of testing.

71. UNICEF has undertaken 270 rural water projects involving the drilling and flushing of wells, and of these 200 have been completed. A total of 13 rural sanitation projects are under construction, and 600 individual toilets are being installed. The need for rural water projects evolves as settlements are rehabilitated, and UNICEF works closely with the United Nations Centre for Human Settlements (Habitat) to update these needs and meet them. The formation of rural water committees has, in principle, provided for local maintenance of facilities and for disseminating information on personal hygiene and the proper disposal of sewage. UNICEF has estimated that the water projects have increased the availability of clean water from about 25 litres per person per day to 50 litres per person per day.

Agriculture

72. As at 31 January 1999, supplies to the agricultural sector in the three northern governorates valued at $66,406,437 had arrived since the start of the programme, of which an amount worth $48,517,583 had been installed at sites or delivered to end-users. A total of $10,033,099 worth of supplies for this sector arrived during the reporting period, and supplies worth $7,231,333 were installed or delivered. The focus of FAO activity in this sector has been to provide a range of agricultural inputs including machinery, pumps, seeds and

fertilizer, to conduct plant protection and animal vaccination campaigns, to implement an afforestation programme and to rehabilitate poultry production facilities.

73. According to WFP and FAO, the distribution of food rations has reduced local demand for food crops and, in turn, adversely affected the agricultural economy. Wheat yields in the 1998 season increased by 25 per cent over the previous year. Approximately 107,031 tons of wheat, or 30 per cent of the total production of 355,935 tons, had been sold to the Government as of 30 September 1998. A large proportion of production, however, remains unsold, and even though production costs have been reduced by the provision of inputs from FAO, many farmers are experiencing income losses as market prices fall for food basket items. The market price for wheat dropped from $88 per ton in January 1998 to $56 per ton in November 1998. Farmers have adapted by changing their cropping pattern: between 1997 and 1998 there was been a 10 per cent reduction in land under wheat production, a 29 per cent reduction in land under rice production and a 46 per cent increase of land under barley production. WFP and FAO are concerned about the impact of the food ration programme on agricultural production and look forward to raising this issue in the assessment exercise.

74. Animal populations continue to benefit from the provision of vaccines against a number of diseases, including foot and mouth disease. Vaccination coverage against the disease was sufficient for cattle in Dohuk and Sulaymaniyah, but the prohibitive cost of the vaccines to FAO and local authorities has made continued vaccination impossible. A shortage of vaccines in Erbil was experienced in December 1998. The region is experiencing a new outbreak of foot and mouth disease along with a newly occurring disease (PPR) and containing them requires urgent attention.

75. Eight forestry nurseries have been established in the three governorates, whose central purpose has been to reforest areas affected by soil erosion. They are particularly intended for areas surrounding the catchment basins for the two dam reservoirs in order to halt silting. Preparation for afforestation and soil conservation activities are currently under way.

76. Inputs to irrigation maintenance have emerged as one of the principal subsectors in phase V. They include the distribution of pumps, the creation of small networks of lined canals and the rehabilitation of groundwater resources by redrilling wells. The project has provided irrigation facilities for nearly 2,000 farm families.

77. The level of inputs per capita financed by resolution 986 (1995) is six times greater in the north than in the south/centre. It should be noted, however, that the agricultural producers in the north do not benefit from the governmental subsidies received by those in the centre and south. Of the total inputs approved for the north in phases I to III up to 31 December 1998, 63 per cent had been distributed to farmers in the north as compared with 57 per cent in the centre/south. The greater efficiency of delivery in the north is attributable to the fact that inputs are approved as a package (instead of in piecemeal fashion) and to the presence of a cash component. Greater per capita investment and more efficient administration has permitted wider

coverage. Spraying against the Sunn Pest has reached 62 per cent of the cropped areas and FAO has estimated that previous losses, which in some years rose as high as 70 per cent of crops, have now been reduced to 11 per cent. FAO has reported that before the inputs financed under resolution 986 (1995), only 25 out of the 600 broiler farms in operation in 1990 remained, but after the programme of inputs, 270 had been reactivated.

Electricity

78. As at 31 January 1999, electrical equipment valued at $19,173,791 had arrived in the three northern governorates since the start of the programme, of which an amount worth $8,596,861 had been distributed to installation sites. A total of $5,056,759 worth of supplies for this sector arrived during the reporting period, and supplies worth $4,798,831 were distributed to installation sites. In addition, work on contracts valued at $4.8 million was completed. The focus of activity in this sector has been to arrest the deterioration in the distribution and transmission networks as well as to rehabilitate the two hydropower plants at Dokan and Derbandikhan dam.

79. The spillway gates and their anchorage at the Derbandikhan dam have been repaired. Repairs to the intake gates and the leaking turbine draft tubes of the Derbandikhan hydro plant are expected to be completed in two months. Work will begin on the hydro generation equipment of the Dokan dam in February 1999. Some of the rock bars downstream of the Derbandikhan dam have been removed. This has increased the generation capacity by 1 or 2 per cent. Four 2.2 MW diesel generators have arrived in Erbil and once installed, they will provide emergency power supply to water pumping stations and hospitals.

80. None of the $42.3 million worth of equipment for which contracts were signed in phases II and III have arrived in the country, although 90 per cent of the material ordered in phase I has reached the installation sites. The late arrival of materials continues to plague implementation, and the temporary solutions which some consumers have taken in order to obtain power have resulted in damage to protection devices and transformers.

81. The absence of rainfall this season in the north poses the greatest threat to power supply, because the reservoir levels at the Dokan and Derbandikhan dams are perilously low. There is very little snow in those areas of Turkey and the Islamic Republic of Iran which normally feed the catchment areas during spring run-offs. The rainwater inflow into the reservoirs has been 20 per cent of the seasonal average for the past 40 years, and one may expect that the generation capacity of the dams will be reduced by the same proportion. Low water levels will also diminish the supply of water to the irrigation system in the central governorates. For the coming month, power is available in Erbil and Sulaymaniyah for only two hours per day. A joint planning meeting between the local authorities recently considered limiting the supply of power to households in order to extend the hours of availability.

82. There were a number of days in Dahuk during December 1998 and in the first week of January 1999 when the customary 30 to 40 MW power supply was cut to 10 MW. This was barely enough for water pumps in the town of Dohuk, it was insufficient to meet the requirements of Azadi hospital, and it left most

households with no water or electricity during this period. No explanation has been provided.

Education

83. As at 31 January 1999, education supplies valued at $29,235,999 had arrived in the three northern governorates since the start of the programme, of which an amount worth $20,246,201 was delivered to schools and printing presses. A total of $7,082,784 worth of supplies for this sector arrived during the reporting period, and supplies worth $5,701,217 were delivered to schools and printing presses. The focus of activity in this sector has been the rehabilitation of primary and secondary schools, the building of a limited number of new schools, the provision of student and teacher desks along with other educational supplies, support for teacher training centres, assistance for expanding printing press facilities and support for universities.

84. The production and distribution of 111,612 student desks and 3,000 staff desks by UNESCO for phases I to III has been completed. Under the separate programmes of UNICEF and UNESCO, 241 schools have so far been rehabilitated, which amounts to little more than 10 per cent of the total of 2,373 primary and secondary schools. Since the chalk factory commissioned by UNESCO in phase I has still not arrived, UNESCO has purchased 2.5 million pieces of chalk for distribution to schools. The total of 18,500 education kits ordered under phases I and II has been delivered, but the number was insufficient since it was based on 1997 enrolment figures. The number of students has increased more than expected and the shortfall of education kits will be made up by drawing on resources from phase III.

85. The increase in enrolment levels observed in the previous report continues. According to local authorities, enrolment rates in some schools have increased by 20 per cent, which is considerably more than the target increase of 5 per cent.

86. UNESCO has altered the emphasis of its programme from phases I to III to provide more support for printing secondary school textbooks and for providing resources to the three universities in the region. These resources have included photocopiers, periodicals and other technical teaching aids.

87. UNICEF supported a child protection programme under the education sector during phases III and IV. Since the inception of this programme, a combined total of 535 social workers, teachers and care-givers have been trained with the aim of improving the quality of services to disadvantaged children. The services are provided through 25 residential home centres under the auspices of the Department of Social Affairs. Training has also been given to 163 managers and administrators in that Department. The training courses have resulted in an improvement of care provided by participants, in a better database on disadvantaged children in the region and in the creation of a separate detention centre for juveniles. Support was provided for the development of 700 mine awareness kits to be used in the classroom and for facilities for the production of orthotics and orthoprosthetic devices for disabled children.

Rehabilitation of settlements

88. As at 31 January 1999, supplies and funds for the settlement rehabilitation sector valued at $38,206,234 had arrived in the three northern governorates, of which $18,354,402 was utilized or disbursed. A total of $6,124,158 worth of supplies for this sector arrived during the reporting period, and supplies and funds worth $4,903,452 were utilized or disbursed. The focus of activity in this sector has evolved over the past 18 months from the building of shelters to encourage displaced persons to return to their original villages, to a larger scale programme for assisting displaced persons by reconstructing original villages and by providing schools and other neighbourhood facilities for those who remain in collective towns and semi-urban locations.

89. The approach of the United Nations Centre for Human Settlements in each location chosen for rehabilitation is to develop a package of inputs in consultation with local authorities. The package may include habitations and a range of other facilities including roads, bridges, schools, water, water supply, sanitation facilities and facilities for agriculture. Projects therefore include a range of different construction activities. Out of 111 projects planned for phase IV, 8 were completed during the reporting period and 65 continue under active construction. A total of 576 projects were planned for the whole programme up to 31 January 1999. Of these, 239 have been completed, 225 are under active construction and 112 are still in the planning and tendering stage.

90. Schools and health facilities are the most prominent among the support facilities provided to rehabilitated centres and villages. For phase IV, 20 schools out of a total of 30 planned for construction are either completed or under active construction. For all four phases, 165 schools out of a total of 203 planned for construction are either completed or under active construction. One of the principal difficulties has been the completion of health centres faster than de facto local authorities and WHO can staff and equip them, or the completion of schools faster than UNESCO can provide desks or de facto local authorities can provide teachers. The United Nations Centre for Human Settlements has attempted to respond by providing desks and other equipment in order to put the facilities in operation.

91. The Centre is planning for an in-depth review of programme impact, including the occupancy rate of constructed houses and the percentage of relocation to reconstructed villages by inhabitants of collective towns. A previous estimate has indicated that approximately 40 per cent of those in collective towns with the option to return to villages have in fact returned.

Demining activities

92. As at 31 January 1999, supplies and funds for the demining programme valued at $10,552,400 had arrived in the three northern governorates since the start of the programme, of which an amount worth $8,160,526 was utilized or disbursed. A total of $1,904,380 worth of supplies for this sector arrived during the reporting period, and supplies and funds worth $3,091,289 were utilized or disbursed. The focus of activity in this sector has been to identify existing

mine fields, train local deminers and field survey teams, carry out demining operations and conduct mine awareness programmes.

93. The 12 survey teams continue to provide information regarding the size and location of existing mine fields in the region. To date, these survey teams, in collaboration with other demining organizations, have identified 2,368 minefields covering an estimated area of 212 square kilometres. The regional survey, to be completed in six months, will make a database available specifying the size and location, the land use, and the incidence of mine-related accidents in identified mine fields.

94. During the reporting period, mine clearance was been completed on four large mine fields covering an area of approximately 0.12 square kilometres. These are the first four to be completed. Preparations are being made to return these areas to local authorities and landlords, who are expected to return them to their previous use, including crop production and grazing land. Mine clearance continues in 20 other mine fields likewise covering land previously used for crop production. The total area of land which has been cleared, or is in the process of being cleared, is 2.3 square kilometres, an area which is a little over 1 per cent of the estimated total mined area.

95. An additional four 37-man manual clearance teams were trained and fielded during the reporting period, bringing the total number of individuals trained in activities related to mine clearance to 285 during the past three months. Since the beginning of the programme, 607 individuals have been trained in mine clearance and related activities. Equipment problems, especially the lack of communications equipment which is essential for safety, have reduced the pace of work for the four new teams. In spite of this, the United Nations Office for Project Services (UNOPS) reports that the overall pace of work increased three fold during the reporting period and anticipates further increasing the pace during the next few months. One of the project objectives, which is now partially met, has been to build the capacity of a national team capable of sustaining the programme of mine clearance over an extended period.

96. UNOPS funds and supervises two prosthetic limb centres, one in Halabja and the other in Diana, which treated 686 patients, provided 198 prostheses and 40 walking aids during the reporting period.

V. OBSERVATIONS AND CONCLUSIONS

97. In previous reports I have drawn the Council's attention to the gravity of the humanitarian situation in Iraq and the limited scope of the humanitarian programme pursuant to Security Council resolution 986 (1995). Accordingly I have sought to encourage a wider range of complementary assistance from the international community.

98. I welcome the establishment by the Council of the panels under the chairmanship of Celso Amorim (Brazil), including the Panel on Humanitarian Issues, "to assess the current humanitarian situation in Iraq and make recommendations to the Council regarding measures to improve the humanitarian

situation in Iraq". The Chairman will have the full support and cooperation of the Secretariat.

99. As the Council was informed in early January, the Office of the Iraq Programme has initiated a wide-ranging review and assessment of the implementation of the humanitarian programme over the past two years, including the overall humanitarian situation. The review and assessment is being undertaken with the full cooperation and participation of all United Nations agencies and programmes involved in the implementation of the humanitarian programme in Iraq, and information on the work in progress will be made available to the Panel. The full report on the outcome of the review and assessment is expected to be made available to the Council in late April 1999.

100. As is apparent from this and previous reports, various constraints are preventing the full implementation of the programme as outlined in my supplementary report (S/1998/90), endorsed by the Council in resolution 1153 (1998), which is aimed at a more effective response to the humanitarian situation in Iraq.

101. With respect to the procurement of oil spare parts, I welcome the recent positive developments within the Security Council Committee in reviewing further applications that were placed on hold, and the considerable reduction in the number of applications placed on hold. I would invite the Committee to expedite the approval of the applications concerned. Nevertheless, I should like to point out to the Council that even with an expeditious approval of all applications, it is unlikely, in the view of Saybolt oil experts, that the approved spare parts and equipment requiring a long delivery period will have a significant impact on the export capacity of the Iraqi oil industry much before March 2000.

102. Indeed, the most serious issue facing the implementation of the programme at present is the growing shortfall in revenues required to implement the approved distribution plan. It may be recalled that despite the increase in the volume of exports of oil, the financial target of the $3.1 billion required for the implementation of the enhanced distribution plan could not be met. In fact, even with the October 1998 revision downwards of the funds allocated to various sectors, amounting to some $2.2 billion, there was a shortfall of over $264 million. Owing to insufficient phase IV revenues, approved applications worth approximately $500 million could not be funded. Accordingly, the Office of the Iraq Programme agreed to the Government's request to transfer selected phase IV applications to phase V.

103. For the current phase, the revenue shortfall may reach some $950 million in relation to the distribution plan approved in December 1998. As a result of the projected shortfall of phase V funding, the Office of the Iraq Programme has requested that the Government submit a revised allocation of funding for the current distribution plan, bearing in mind the relevant provisions of Council resolutions 1153 (1998) and 1210 (1998). In order to ensure that the value of applications circulated under phase V does not exceed anticipated revenues, circulation of the remaining applications for lesser priority sectors is currently in abeyance pending agreement on revised allocations. The Office of

the Iraq Programme has stressed that such allocations should be in line with the provisions set out in Council resolutions 1153 (1998) and 1210 (1998).

104. Regrettably, there seems little scope for optimism in regard to oil revenues in the immediate future. The severity of the revenue shortfall in comparison with the respective distribution plans and with the programme outlined in my supplementary report (S/1998/90), submitted to the Council in February 1998, requires the development within the distribution plan of costed projects by United Nations agencies for the three northern governorates. Accordingly, I would like to encourage the Government of Iraq to consider the advantages of submitting costed annexes and projects as soon as possible.

105. In a letter dated 11 February 1999 addressed to the Chairman of the Security Council Committee, the Executive Director of the Iraq Programme submitted to the Committee a proposal pursuant to paragraph 4 of Council resolution 1210 (1998) to address the problems created by the existing system of reimbursement from the 13 per cent account to the 53 per cent account. I recommend to the Committee that it consider favourably the proposal submitted by the Secretariat. In terms of amounts to be reimbursed for food only, as at 31 January 1999, pending delivery of the supplies to WFP for the three governorates in the north, $111 million had not been transferred from the 13 per cent account to the 53 per cent account under phases II to IV of the programme.

106. In previous reports I have noted with growing concern the frequently long delays in the distribution of supplies after delivery to government warehouses. This is a matter that requires the urgent attention of the Government. While the United Nations fully appreciates the logistical difficulties facing individual ministries, I should like to recommend that the Government utilize the resources available to ensure efficient distribution of the goods provided under the programme throughout all sectors. It is also important for the Security Council Committee to acknowledge that a humanitarian programme of such magnitude requires a commensurate level of transport, communications and material-handling equipment and to be ready to act favourably on requests for essential logistic support.

107. While there is full recognition of the unsatisfactory health and nutritional situation in Iraq, the slow pace of distribution of medicine and medical supplies from Kimadia central warehouses to the governorate warehouses, and further to health facilities, is a matter of serious concern. As at 31 January 1999, approximately $275 million worth of medicine and medical supplies had accumulated in warehouses. It is also a matter of serious concern that the bulk of the applications for targeted nutrition inputs under phases IV and V have not yet been submitted to the Secretariat.

108. In regard to the three northern governorates, in order to take local concerns more fully into account, the United Nations and the local authorities have developed a programme consultation process, which I am pleased to note is progressing well. In the centre and the south, effective programme management also requires due attention to intersectoral linkages and coordinated planning, as well as timely submission of applications and delivery of supplies.

109. As already reported to the Council, the observation activities of the United Nations were severely disrupted due to the developments in November and December 1998, which twice required temporary relocation of international staff to Amman. Nevertheless, I am pleased to report to the Council that United Nations international and national staff have performed their duties with commendable commitment and professionalism.

110. In a letter dated 4 February 1999 addressed to the President of the Security Council, I transmitted copies of an exchange of aides-mémoires between the Government of Iraq and the United Nations, dated 4 and 5 January 1999, respectively. The United Nations has consistently emphasized to the Iraqi authorities the Government's responsibility under the relevant international instruments to ensure the safety and security of all United Nations personnel in Iraq. In the absence of assurances and taking into account the repeated warnings by the Government of Iraq regarding the security and safety of United Nations personnel of British and United States nationality, and acting on the advice of the United Nations Security Coordinator, I decided, strictly on security grounds and without prejudice to the position of principle communicated in the aide-mémoire dated 5 January 1999, to withdraw from Iraq United Nations personnel of British and United States nationality.

111. The United Nations continues to pursue this issue with the Government of Iraq, and I do hope that in the very near future the Government will again be able to fulfil its obligations under the relevant international instruments, including the relevant provisions of Council resolution 986 (1995) and the Memorandum of Understanding between the United Nations and the Government of Iraq, dated 20 May 1996, and to ensure the safety and security of all United Nations personnel, irrespective of their nationality.

Annex I

Status of the United Nations Accounts pertaining to the Iraq Programme

1. As at 31 January 1999, of the $5.256 billion authorized under Security Council resolution 1210 (1998), $459.2 million had been deposited into the account for phase V, bringing the total oil sale since inception to $9,846.1 million.

2. The allocation of total oil proceeds received from inception to date and the corresponding expenditures are as follows:

(a) $4,944.7 million has been allocated for the purchase of humanitarian supplies by the Government of Iraq, as specified in paragraph 8 (a) of Council resolution 986 (1995). Letters of credit issued by the Banque Nationale de Paris on behalf of the United Nations for the payment of those supplies for the whole of Iraq amounted to $5,092.2 million under phases I to V, which includes an amount of $147.5 million due for the reimbursement for bulk purchases made by the Government of Iraq for northern Iraq and distributed by the United Nations Inter-Agency Humanitarian Programme;

(b) $1,212.1 million has been allocated for the purchase of humanitarian goods to be distributed in the three northern governorates by the United Nations Inter-Agency Humanitarian Programme, as specified in paragraph 8 (b) of Security Council resolution 986 (1995) and as revised in paragraph 2 of Council resolution 1153 (1998). Expenditures recorded for humanitarian goods approved by the Security Council Committee amounted to $835.8 million;

(c) $2,950.3 million has been transferred directly into the United Nations Compensation Fund, as specified in paragraph 8 (c) of Council resolution 986 (1995). As at 31 January 1999, a total of $125.4 million had been allotted to cover the operating expenditures of the Compensation Commission and an amount of $1,901.6 million for payment of first, second, third and fourth instalments of "A" and "C" claims;

(d) $206.5 million has been allocated for the operational and administrative expenses of the United Nations associated with the implementation of Council resolution 986 (1995), as specified in paragraph 8 (d) of the resolution. Expenditures for administrative costs for all United Nations entities involved in implementing the resolution amounted to $139.6 million;

(e) $70.0 million has been allocated to the United Nation Special Commission for the Disarmament of Iraq (UNSCOM) for its operating expenses, as specified in paragraph 8 (e) of Council resolution 986 (1995). Expenditures for the Commission amounted to $52.7 million;

(f) $369.2 million[a] has been set aside for the transportation costs of petroleum and petroleum products originating in Iraq and exported via the Kirkuk-Yumurtalik pipeline through Turkey, in accordance with paragraph 8 (f) of Council resolution 986 (1995) and in line with procedures adopted by the Security Council Committee. Of that amount, $338.0 million has been paid to the Government of Turkey;

(g) $93.2 million has been transferred directly to the escrow account established pursuant to Council resolutions 706 (1991) of 15 August 1991 and 712 (1991) of 19 September 1991 for the repayments envisaged under paragraph 6 of Council resolution 778 (1992) of 2 October 1992, as specified in paragraph 8 (g) of Council resolution 986 (1995) and subsequently in paragraph 34 of my report of 25 November 1996 (S/1996/978).

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[a] This amount is slightly below the one included in the report of 19 November 1998 (S/1998/1100), due to the fact that at that time, the required transfer of 30 per cent to the United Nations Compensation Fund (in accordance with the provisions of paragraph 8 (c) of Security Council resolution 986 (1995)), had not yet materialized for the income deposited in phase IV.

Annex II

Oil proceeds and humanitarian supply letters of credit as at 31 January 1999

Oil proceeds[a]			
Phase	Last deposit	No. of letters of credit	Value of letters of credit from oil sales (United States dollars)
I	27 June 1998	123	2 149 806 395.99
II	2 January 1998	130	2 124 569 788.26
III	30 June 1998	186	2 085 326 345.25
IV	28 December 1998	280	3 027 147 422.35
V (Current)	As at 31 January 1999	136	1 347 080 779.12
Totals		855	10 733 930 730.97

[a] Of the expected oil proceeds of $1,347,080,000.00, only $459,268,446.58 had been received as at 31 January 1999; oil proceeds may vary due to market price fluctuations.

Humanitarian supply letters of credit for ESB (53 per cent) account and bulk procurement			
Phase	No. of letters of credit opened	Value of letters of credit opened (United States dollars)	Bank payments made on delivery (United States dollars)
I	870	1 228 898 000.00	1 198 334 800.00
II	538	1 192 931 000.00	1 102 179 400.00
III	629	1 173 460 000.00	918 074 200.00
IV	827	1 496 798 000.00	400 950 500.00
V (Current)	0	0	0
Totals	2 864	5 092 087 000.00	3 619 538 900.00